

INCOMING TELEGRAM For Release 2000/08/29 : CIA-RDP79-01203A000200400002-8

Department of State
SECRET SECURITY INFORMATION

CASE No 1

Controls: VR-50
Rec'd: November 1, 1952
12:20 p.m.

FROM: Beirut

TO: Secretary of State

NO 894, October 31, 5 p.m.

PRIORITY

DEPT PARIS BRUSSELS; SENT DEPT 894, RPTD INFO BRUSSELS UNNUMBERED, PARIS 19 FOR EXCON LONDON 32, TRIPOLI 44.

Ministry Natl Economy under renewed pressure from scrap dealers to grant export licenses for scrap iron and copper scrap to certain countries, or copper to other destinations. Largest dealer produced Oct 8 issue Service de Documentation Siderurgique, steel industry newsletter published by Agence Industrielle et Economique, Postbus 376 The Hague, showing inter alia Belgium-Luxemburg exports new production steel to certain countries during six months March to August totaling almost 141,000 metric tons. They argued if NATO members permitting such large shipments, why shld GOL injure small Leb merchants selling quantities of scrap very small by comparison?

Min Natl Economy has been most cooperative with Embassy in restricting exports from Leb. Despite fact DMS has never to our knowledge determined applicability of Battle Act to free zones, GOL has indicated its willingness to consider restrictions on movement of strategic materials through free zone. GOL now (rpt now) in very difficult position, appealing to Emb for clear statement exactly what our policy really is. Min and DIRGEN Natl Economy have agreed hold action on pending license requests until Dept's telegraphic reply received.

What direct replies can we give GOL on fol queries:

1. How have we justified continuation large-scale economic aid to Belgium and Luxemburg in view of large steel shipments to certain?
2. What action was actually taken by DMS under Battle Act on these or similar violations? (We have full details on Danish tanker case, but none on such steel shipments).
3. Do we have a policy on transshipments through free zones beyond trying to discourage them? What controls have we imposed on our own free zones?

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4. What wld be our attitude if GOL compromised, continued to forbid all copper exports, but permitted export to Curtain of small quantities of poor quality scrap iron available here?

MINOR

BB:NLH

Note: Relayed Brussels 11/1/52, 12:35 p.m. MCP

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